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# Fair Minimum Wage Act of 2006. (Version 1)

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SA2005RF0110,  
Amend #1-S

October 31, 2005

Trisha Knight, Initiative Coordinator  
Office of the Attorney General  
1300 I Street  
Sacramento, CA 95814

RECEIVED  
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INITIATIVE COORDINATOR  
ATTORNEY GENERAL'S OFFICE

Dear Ms. Knight:

Attached is a revised version of our minimum wage initiative (SA2005RF0110). Section 2. (f) and (g) have been added to the text. I request that a title and summary of the chief purpose and points of the proposed initiative measure be prepared so that we may begin gathering signatures.

Sincerely,

Barry Hermanson

Californians For Fair Wages

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## **CALIFORNIA FAIR MINIMUM WAGE INITIATIVE**

### **SECTION 1 -Findings and Declarations**

The People of California find and declare that:

At \$6.75 per hour, the current minimum wage is so low that it does not allow full-time workers enough income to adequately feed, clothe, house and provide health care and childcare for their families. A full-time job at minimum wage is far too low to provide for California families' basic needs.

Executive CEO pay increases while the minimum wage continues to fall. For the minimum wage to match the purchasing power it had in 1968, it would have to be \$9.00 per hour. If it had kept up with productivity gains, it would be over \$25.00 today. According to Business Week, the average CEO of a major corporation made 42 times the average hourly worker's pay in 1980, 85 times in 1990 and a staggering 531 times in 2000.

Because good paying jobs are becoming so hard to find, it is more important than ever that California has a minimum wage that is fair and adequate;

The purpose of the Minimum Wage Act of 2006 is to restore the purchasing power of the minimum wage and to help minimum wage workers lift themselves out of poverty;

To achieve that purpose, the Fair Minimum Wage Act of 2006 will increase the minimum wage to \$7.25 per hour in 2007, to \$7.75 per hour in 2008 and index it for cost of living increases in the future.

The current minimum wage is inadequate as a fundamental minimum labor standard for working Californians;

California has the lowest minimum wage on the West Coast and by far the highest housing costs. Washington has a minimum wage of \$7.35, Oregon has a minimum wage of \$7.25, and Alaska has a minimum wage of \$7.15. Washington, Oregon, and Nevada index their minimum wages to account for cost of living increases in the future.

An increased minimum wage cannot be shown to have a negative impact on job growth. During the past six years, states with higher minimum wages than the Federal wage created more jobs than states at the Federal minimum wage level.

A fair minimum wage will help workers, businesses and communities alike because minimum wage workers will stay at their jobs longer and have more income to spend in their communities;

## SECTION 2 -Minimum Wage Increase and Indexing

Section 1182.12 is added to the Labor Code to read:

(a) Notwithstanding any other provision of this part, on and after January 1, 2007, the minimum wage for all industries shall not be less than seven dollars and twenty five cents (\$7.25) per hour; on and after January 1, 2008, the minimum wage for all industries shall not be less than seven dollars and seventy five cents (\$7.75) per hour. The Industrial Welfare Commission or its successor shall, at a public meeting, adopt minimum wage orders applicable to all industries that are consistent with this section without convening wage boards, which wage orders shall be final and conclusive for all purposes.

(b) (1) Beginning in 2009, the minimum wage is automatically adjusted on January 1 of each year to maintain employee purchasing power diminished by the rate of inflation that occurred during the previous year. In addition, because minimum wage workers have lost significant purchasing power since 1968, the minimum wage will be adjusted by a factor greater than one. This multiplier will sunset when this lost purchasing power has been restored, at which time, the multiplier will return to match (1.0 times) the rate of inflation. The Industrial Welfare Commission will make this determination.

(2) The automatically adjusted minimum wage is calculated by multiplying the minimum wage in effect on December 31 by 1.5 times the percentage of inflation that occurred during the previous year, adding this amount to the wage from the previous year, and rounding up the product to the nearest five cents (\$0.05). The Industrial Welfare Commission or its successor shall publicize the automatically adjusted minimum wage annually to all employers. All employers shall post this notice in a place frequented by their employees.

(c) For purpose of this calculation, the following terms have the following meanings:

(1) "Percentage of inflation" -means the percentage of inflation specified in the

California Consumer Price Index for All Urban Consumers, as published by the Department of Industrial Relations, Division of Labor Statistics and Research, or its successor index.

(2) "Previous Year" -means the 12-month period that ends on August 31 of the calendar year prior to the adjustment period.

(d) This section may not be construed to either preclude an increase of the minimum wage by the Industrial Welfare Commission or its successor in an amount that is greater than the rate calculated pursuant to subdivision (b) or result in a reduction in the minimum wage.

(e) The first automatic inflation adjustment to the minimum wage shall occur on January 1, 2009.

(f) The minimum wage shall not be decreased because of deflation in any year.

(g) Beginning with the first automatic inflation adjustment, in any year where inflation exceeds 6.5%, the minimum wage shall only increase by the rate of inflation.

### SECTION 3 -Name of Act

This statute shall be known as the Fair Minimum Wage Act of 2006.

### SECTION 4 -Severability

It is the intent of the People that the provisions of this Act are severable and that if any provision of this Act, or the application thereof to any person or circumstances, is held invalid such invalidity shall not affect any other provision or application of this Act which can be given effect without invalid provision or application.